

Noted by G3/I
23 JUN 1959

19 June 1959

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: US News and World Report Continues to Feed
American Complacency

1. The June 15th issue of US News and World Report illustrates the habit of this influential magazine of combining good factual reporting with editorializing which consistently underestimates the strength of the USSR and the Bloc. In the midst of a host of indications that the US is heading for another boom - and, one may conjecture, an ensuing recession - two articles deal with major aspects of the international communist economic threat in a fashion which seems deliberately calculated to nurture a sense of security, if not actual complacency in its readers.
2. The first of these two articles entitled "Khrushchev's New Dream - A 'United States of Communism', " based on reports from several of US News' field offices, states that the Soviet leader 'has been thinking about founding . . . a vast 'new' country which would spread from the Baltic to the Pacific and from the Mediterranean to the Arctic." Similar reports by Joseph Alsop, datelined Budapest and David Lawrence, datelined Geneva, appeared practically simultaneously (27-28 May) obviously reflecting widespread currents of discussion in Europe on both sides of the Iron Curtain.
3. In a paper which we have just issued - SRS-10, The "Socialist Commonwealth of Nations": Pattern for Communist World Organization - we speculated at length on this subject, and conclude not only that Khrushchev may entertain such a "dream, " but that he may seek to actualize it in the relatively near future. The US News' article may be right in citing "experts on the Soviet Union" as doubting whether he could achieve this in his own lifetime. Certainly, potential opposition from some of the satellites and possibly outright rebellion by Communist China must figure in Khrushchev's calculations, and the course of action which he will finally pursue is problematical.

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4. The article, while dismissing the political feasibility of a Soviet "United States of Communism," concedes that an impressive move toward economic integration" by CEMA "is in sight." With the description of recent developments and with the general analysis of the difficulties attending the CEMA drive, we have no quarrel. What is misleading is the last sentence which blandly states "it will take many years, at the present stepped-up rates, before Khrushchev has even the simplest economic base to make his dream a reality." We simply do not believe this to be the case.

5. The second article, "I Saw Red China from the Inside," an interview with Louis Wiznitzer, confirms in general what others have reported on the "hate the West campaign" and the failure of the large-scale program of factory construction to yield much in the way of immediate production. Here, what is disturbing is the insistence that the inactivity of the new plants reflects naive and illogical planning, a "method of madness." We do not believe that it is irrational for the Chinese to proceed, as Wiznitzer says, with the construction of a "roof" for heavy industry before the main parts and contents of the building are all available. There is considerable evidence that Chinese planning and execution of the industrial projects are based on lessons drawn from Soviet experience and that Peiping seeks to avoid some of the mistakes made in the First Five Year Plan of the USSR. Experts on the Chinese economy - for instance Richard Moorsteen of RAND - believe that the maladjustments and dislocations of the present forced draft stage of Chinese industrialization can be remedied within the rather extensive time span which the leaders have projected for catching up first, with Britain, and then with other advanced capitalist economies.

6. It may well be, as Wiznitzer says, that China will not become a true world economic power even in thirty years. But already, in ten years, it has made progress at least as impressive as that of the USSR over the comparable period of its own development. Already the incubus of Chinese productivity hovers ominously over Southeast Asia. As a "model," the "Great Leap Forward" has begun to impress many of the underdeveloped countries, not to mention some of the satellites. In any case, even if the thirty-year figure is correct, it should be sufficiently frightening to us.

7. We do not, of course, believe that the West should exaggerate the potential of the Communist economies, nor draw too dire a picture of their inexorable progress. This would only increase the impact of Communist "wave of the future" propaganda on the underdeveloped peoples. What we need is objective reporting and analysis, coupled with a firm determination to resist forecasts which engender complacency. The Director has conveyed this point in his February speech. It might be desirable if he could persuade the editors of US News and World Report that their tendency to slant the coverage of the Communist economies too wishfully does not serve the best interests of the country.

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